

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF )  
TRI-VILLAGE WATER DISTRICT )

CASE NO. 94-524

O R D E R

On December 21, 1994, Tri-Village Water District ("Tri-Village") filed its application with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to the purchased water adjustment procedure. KRS 278.012, 278.015 and 807 KAR 5:068. On January 3, 1995, the Commission advised Tri-Village by letter of certain deficiencies in its filing. On January 19, 1995 the Commission sent a letter to Tri-Village further explaining the deficiencies. On January 27, 1995, after meeting with a representative of Tri-Village, it was determined that the deficiencies were cured.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

1. Tri-Village purchases its water from the Owenton City Water Works ("Owenton").

2. Effective with the December 1994 billing, Owenton increased its rates from \$1.11 to \$1.15 per 1,000 gallons to reflect an increase of \$0.042 per 1,000 gallons from the Kentucky River Authority ("KRA").

3. Owenton has informed Tri-Village that effective July 1, 1995 the pass through from KRA will be \$0.033 per 1,000 gallons. Tri-Village proposed to implement the July 1, 1995 rate effective on and after January 15, 1995.

4. According to 420 KAR 1:040, Section 4(1), the Tier I fee for gross withdrawal from the Kentucky River basin effective through June 30, 1995 is \$0.028 per 1,000 gallons. From July 1, 1995 through June 30, 1996, the Tier I fee from gross withdrawal from the Kentucky River basin shall be \$0.022 per 1,000 gallons.

5. Owenton is improperly using a multiplier of 1.5, which is to be utilized only when net withdrawal is involved. 420 KAR 1:040, Section 2, explains that "A person who withdraws surface water or groundwater from the Kentucky River basin for noncontact cooling water shall pay a Tier I fee based on net withdrawal," while all others "shall pay a Tier I fee based on gross withdrawal."

6. During the 12 months ending September 30, 1994, Tri-Village purchased 85,943,000 gallons and sold 67,213,500 gallons.

7. Tri-Village's calculations are incorrect in that the proposed rates are based on Owenton's rates expected to be effective July 1, 1995. Owenton may only pass through a \$0.028 per 1,000 gallons increase, which means an increase in Tri-Village's wholesale rate from \$1.11 to \$1.138 per 1,000 gallons. Tri-Village is entitled to a purchased water adjustment based on these figures.

8. Based on Owenton's proper charges for purchased water, Tri-Village's purchased water costs will increase by \$2,578,

resulting in a purchased water adjustment of \$0.04 per 1,000 gallons. Based on an average monthly usage of 5,000 gallons, the average bill of Tri-Village's customers will increase 20 cents from \$25.85 to \$26.05, or .77 percent.

9. Tri-Village's proposed tariff filing is incorrect.

10. The purchased water adjustment of \$0.04 per 1,000 gallons and the rates in Appendix A, attached hereto and incorporated herein, are fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment of \$0.04 per 1,000 gallons and the rates in Appendix A are approved for service rendered on and after the date of this Order.

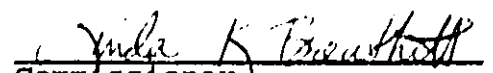
2. Within 30 days of the date of this Order, Tri-Village shall file revised tariffs setting out the rates approved herein.

Done at Frankfort, Kentucky, this 10th day of February, 1995.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director

APPENDIX A  
APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 94-524 DATED FEBRUARY 10, 1995

The following rates and charges are proscribed for the customers in the area served by Tri-Village Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

RATES: Monthly

First 2,000 gallons	\$13.78	Minimum Bill
Next 4,000 gallons	4.09	per 1,000 gallons
Next 4,000 gallons	3.94	per 1,000 gallons
Next 10,000 gallons	3.79	per 1,000 gallons
Over 20,000 gallons	3.49	per 1,000 gallons